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**Emergency Planning and Preparedness:  
Federal, State, and local Coordination**

“Obtaining Some Self-Sufficiency In The Private Sector”

Written testimony

Exhibit A- Unigard’s Emergency Management Organizational Chart

Exhibit B- Unigard’s Enterprise Risk Management Process

Exhibit C- Homeland Protection Professional April 2006 Article on Unigard’s Program

Exhibit D- IRS “General Business Credit” Form 3800

## **Written Testimony**

Good morning Chairman Reichert and Ranking Member Pascrell. It is a pleasure to represent private industry preparedness programs and to provide you with information on Unigard's program.

In 1987, the idea of improving Unigard's in-house emergency preparedness program was presented to our CEO by 3 volunteer firefighters that were employees at Unigard. They were from Mason County, Bainbridge Island and the City of Kirkland. Two of these three were also EMT's.

These employee/volunteer firefighters attended a one-week disaster preparedness course sponsored by Pierce County and came back with recommendations to establish Basic Search and Rescue, Fire and Emergency Medical Teams at Unigard and to purchase a 20 foot surplus truck cargo container for the teams equipment. Over a period of several years that included numerous team drills and advise from JoAnn Jordan of the Bellevue Fire Department's Preparedness Division, Unigard's Emergency Response Team (ERT) evolved into 7 specialized teams that each had specific training and protocols that are now in line with NFPA 1600 and the Bellevue Fire Department's recommendations. You have been provided with an organizational chart of our emergency management structure as Exhibit A.

Currently 54-employee volunteers make-up Unigard's ERT. They and supportive senior management, including our President and CEO Peter Christen are key to the success of Unigard's Emergency Preparedness and Response program.

In the early days of our program, as well as improving our program based on lessons learned from drills and from local experts, there were several advances closely related to regional or local events. For instance, on December 18, 1990 when over a foot of snow dropped in the Bellevue/Seattle area, interest in the ERT was boosted, resulting in the purchase of additional equipment and more training regarding improving building damage assessment skills.

In the summer of 1992, an open house of our ERT was held with representatives from Bellevue and neighboring Redmond and Kirkland Fire Departments in attendance. As a result of follow-up conversations, the cities of Bellevue and Kirkland incorporated remotely located truck cargo containers into their Cities Emergency Plans.

In 1993, the Inaugural Day windstorm brought hurricane force winds to western Oregon and Washington. Unigard's Bellevue/Home Office campus was without power for three days. After this storm, we purchased our Emergency Operations Center (EOC) container and installed two Cummins generators, which until recently provided about 30 hours of back-up power. To-date, the generators can provide back-up power for three days without refueling.

In 1996, Unigard purchased satellite phones from Mobile Satellite Ventures and added twenty-five Motorola MTX handheld radios to improve ERT on-site communications during our drills and actual events.

On February 28th, 2001 we experienced the Nisqually earthquake. Although damage in the Bellevue area was minimal, our telecommunications and employee transportation was disrupted for several hours. The quake led to increased support from senior executives, fine-tuning our team structure/training, and ERT oversight. This included moving ERT under Risk Management rather than Information Technology.

After 9/11/01, as was the case for most of corporate America, the rules changed. As a result, Winterthur, our Swiss parent company, now requires all of its companies to meet higher minimum business continuity, security and emergency preparedness standards. Due to previous activities in these areas, Unigard already met or exceeded most of these directives when they were put in place. We continue to improve our ERT and business continuity programs and processes.

Moving from the History of the program to how the program operates, our ERT and Business Continuity program are components of Unigard's Corporate Risk Management structure and our enterprise risk management process, which you are copied on as Exhibit B.

Two full-evacuation drills are completed annually by the ERT. Training for each of our specialized teams is based on the Community Emergency Response Team (CERT) program with some additional training for Unigard's specific operations.

Unigard's ERT program has several unique differences from traditional CERT programs. Only a segment of the full 20-25-hour CERT training is required to be completed in order for an employee to serve on a specific Unigard ERT such as Fire/Utility Shut-off or Search and Rescue team. Additionally, over 15 percent of our ERT members are cross-trained on 2 or more teams with a few trained to serve on all teams.

This specialized approach, takes most employees away from their jobs for only 4-5 hours, supports their specialized competency and is much more accommodating for employees and their supervisors than taking the full 20-25 hour CERT training. After initial team training is completed, they spend about 4 to 7 hours per year participating in drills, refresher training as needed and related pre or post-drill meetings.

We are able to keep ERT turnover well under 10 percent annually by following drills with meetings that encourage new approaches and ideas, providing lunch for team members after the drills; and communicating the valued comments and suggestions from drill observers, which include local authorities. Active members also receive copies of letters of appreciation sent annually by senior management to their supervisors. These are timed to arrive just prior to the employee's annual performance reviews.

Baseline Emergency Training For all Employees and ERT Members is noted in the article you have been copied on as Exhibit C. I cannot over-emphasize how critical it is to get support from Bellevue Fire, Medic First Aid, WPS and the Applied Technology Council for important elements of our training. Officer Michael Chiu, PIO of Bellevue PD has also been instrumental in reviewing the Workplace Violence Prevention component of our program.

Another noteworthy element of our program is Crisis Communications training. The Reverend Mike Ryan, Chaplain for the Bellevue Police Department, has provided this training. His training addresses human behavior during and immediately after a disaster and assists our Humanitarian Assistance Team members in understanding and preparing for various emergency/disaster behavioral scenarios.

On-campus training provided by the Bellevue Fire Department and the Applied Technology Council on assessing building damage after an earthquake is open to neighboring businesses if the classes are not full.

Unigard has a contingency plan with our neighboring Longs Drug Store. This arrangement gives the Humanitarian Assistance Team and the Incident Commander an option in obtaining food and other supplies during a possible prolonged ERT operation. This also provides a method for re-supplying the Medical Team.

Our Program's primary focus is life safety and expediting the initial assessment of building damage. Two Initial Assessment Teams (Red and Blue) made up of damage assessment trained Fire and Search & Rescue Team personnel are dispatched. These teams are typically equipped, organized and dispatched within 12 minutes of the start of a drill.

The main concern from a preparedness and life safety standpoint for Unigard and essentially the Northwest coast of the United States is a mega-thrust earthquake. The Northwest is well into the average cycle for such a catastrophic event, therefore, appropriate readiness should not be optional. A possible worst-case H5N1 pandemic may be the next closest event from a level of a severity standpoint. A lesser, however, still catastrophic event such as a rupture of the nearby Seattle fault, located four miles south of Unigard's Home Office in Bellevue requires the same degree of preparedness.

Lesser events than major earthquakes, to encompass all reasonably foreseeable hazards (a slight adjustment to an "all- hazards" approach) are also addressed in Unigard's program based on periodic vulnerability assessments.

Outside of the Bellevue branch office (located in the same facility as Unigard's home office), there are six other branch offices ranging in size from seven to 25 employees. Emergency Procedure training is also provided at these offices. Procedures are customized for each office based on size, environment and cooperative efforts with landlords.

Going forward, we are planning on providing advanced emergency preparedness/business continuity consultation to our commercial lines insureds and the independent agents that we sell our product through. We will use proven elements of the Unigard program as a template (adjustable based on business size) in association with proven and easy-to-use features of other packaged programs (American Red Cross, National Safety Council, FEMA, etc.) to deliver our insureds a Best Practices product. For businesses with advanced and active preparedness/continuity programs, offering them a reduction in business interruption insurance premium (a component of fire/property coverage) is under consideration. We look forward to continuing to improve our program. We subsequently will share our experience with our community, our insureds, and our independent agents.

Regarding direct federal support to enhance investment in business continuity and emergency preparedness in the private sector and applying the philosophy of “an ounce of prevention is worth a pound of cure”, in looking at IRS Form 3800, provided as Exhibit D, although there is credit for employers “affected by” Hurricane Katrina, Rita or Wilma, credit for increasing research activities and credit for providing child-care facilities at a place of employment, there is no credit related to investing in business continuity or emergency preparedness which, particularly if teamed with potential property insurance rate credits, could serve to move many businesses from being reactive to being proactive on the preparedness pendulum.

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### **About Unigard**

Unigard Insurance Group is a multi-line, property and casualty insurer that was established in 1901. It operates in the seven western states of Arizona, California, Idaho, Montana, Oregon, Utah and Washington and maintains local branch offices throughout the region. Unigard markets its products through 300 independent insurance agencies and reported more than \$300 million direct written premium in 2005. Unigard has 310 employees with 205 located on their Bellevue campus. Employees are also at six other west coast branch offices. For more information visit [unigard.com](http://unigard.com).

Unigard is a member of Winterthur U.S. Holdings, Inc. (WUSH), based in Sun Prairie, WI, which oversees and provides business services to Unigard (Bellevue) and General Casualty (Sun Prairie, WI). Winterthur’s U.S. operations recorded direct written premiums last year of \$1.5 billion and employs 2,150 people in offices throughout the U.S.